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6 UNITED STATES BANKRUPTCY COURT  
7 NORTHERN DISTRICT OF CALIFORNIA  
8

9 IN RE: CASE No. 17-10828 WJL  
10 FLOYD E. SQUIRES, III and CHAPTER 11  
BETTY J. SQUIRES,  
11 Debtors. / MEMORANDUM OF POINTS AND  
12 USE OF CASH COLLATERAL  
13 Date: March 8, 2018  
Time: 3:30 p.m.  
14 Place: 1300 Clay St., Rm. 220  
Oakland, CA  
15

16 FLOYD E. SQUIRES, III and BETTY J. SQUIRES, Debtors herein,  
17 submit the following Memorandum of Authorities in Support of their  
18 Motion for Order Authorizing Further Use of Cash Collateral:

19 1. The within case was commenced on November 8, 2017 pursuant  
20 to Chapter 11 of Title 11 U.S.C.

21 2. The Debtors own more than 26 parcels of residential real  
22 property rented to various tenants, however 26 parcels are related  
23 to the within Motion. The subject properties are listed in Exhibit  
24 A to the Declaration of Floyd Squires ("Exhibit A").

25 3. The subject properties were subject to contended health  
26 and safety violations in Superior Court litigation. A health and  
27 safety receiver was appointed by the Superior Court and is currently  
28 in possession relative to the health and safety aspects of the

1 properties and subject to direction by the Superior Court.

2 4. The 26 said properties have values set forth in column 2  
3 of Exhibit A and are encumbered by liens as set forth in column 3 of  
4 Exhibit A. The said properties are also contended to be encumbered  
5 by Deed of Trust, Exhibit C to the Declaration of Floyd Squires,  
6 which Deed of Trust was not authorized by the Court or executed by  
7 the Debtors.

8 5. The expenses for the 26 properties required to be paid on  
9 indebtedness senior to that of California Receivership Group, et  
10 al., operational expenses and health and safety expenses projected  
11 are set forth in Exhibit E to the Declaration of Floyd Squires  
12 ("Exhibit E").

13 6. Debt due Truman Vroman (aggregate of \$345,000) is secured  
14 by the seven properties set forth in Exhibit B to the Declaration of  
15 Floyd Squires which have an aggregate value of \$3,445,000. Expenses  
16 for those seven properties are set forth in Exhibit E ("Exhibit E").

17 7. Caliber Home Loans is secured by real property located at  
18 2959 California St., Eureka, CA securing approximately \$195,000 by  
19 a first priority Deed of Trust. Caliber contends there is a  
20 default. The subject real property has a value of approximately  
21 \$3,000,000.

22 8. Adams and the California Receiver Group are beneficiaries  
23 of a Deed of Trust which describes the former receivership  
24 properties and the Debtors' residence. The total amount of the  
25 secured indebtedness is now precisely known but is approximately  
26 \$165,000. The recorded Deed of Trust contains and assignment of  
27 rents provision, however, the Court Order authorizing the security  
28 interest is only in the properties and does not specify the rents.

1 The lien of the said Deed of Trust states that it is senior to all  
2 other liens and encumbrances.

3 9. The continuing rents, Exhibit E to the Declaration of  
4 Floyd Squires, are cash collateral of the aforementioned secured  
5 creditors to the extent validly secured. In order to continue to  
6 produce rents, certain expenses of the property are required to be  
7 paid, insurance, taxes, utilities, maintenance, and health and  
8 safety remediation requirements as determined by Jeff Smith, the  
9 health and safety receiver.

10 10. The Debtor may not use cash collateral unless (A) the  
11 entity having an interest consents, or (B) the court, after notice  
12 and hearing authorizes such use. 11 U.S.C. § 363(c)(2). The Court,  
13 by Orders entered December 15, 2017, January 4, 2018, and February  
14 28, 2018, has authorized use of cash collateral rents through  
15 February 28, 2018.

16 11. A hearing on a cash collateral motion shall be scheduled  
17 in accordance with the needs of the Debtor. 11 U.S.C. § 363(c)(3).

18 12. The Debtors require the use of cash collateral to pay  
19 expenses as set forth in the Budget, Exhibit E.

20 WHEREFORE, it is respectfully submitted that the Debtors be  
21 authorized to utilize cash collateral rents pursuant to the said  
22 budget and to pay such expenses as budgeted therefore as same are  
23 incurred.

24 Dated: 3/5/18

DAVID N. CHANDLER, p.c.

25 By: /s/ David N. Chandler

26 DAVID N. CHANDLER

27 Attorneys for Debtors